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**DOCKET FILE COPY ORIGINAL**

August 30, 2002

**BY COURIER**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**RECEIVED**

**AUG 30 2002**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: IB Docket No. 02-111

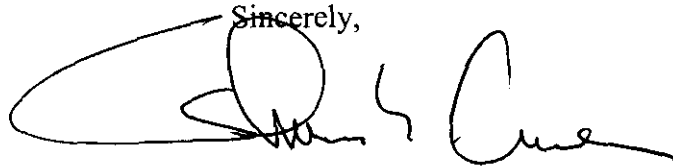
Dear Ms. Dortch:

Please find enclosed an original and five (5) copies of the affidavit of Bob Schwalbach, a copy of which was filed with the FCC on August 28, 2002 as Exhibit A to the Reply of the Office of the Governor of the Northern Mariana Islands to Response of Pacific Telecom, Inc. to FCC Request ("Reply") for Further Information in the above referenced proceeding. As stated in footnote 2 of the Reply, the original affidavit, which was received in our office yesterday from Saipan, is being submitted to replace the copy of the same affidavit previously attached to the Reply. Accordingly, please replace the current Exhibit A to the Reply with the enclosed original.

Since all parties of record were served a copy of the affidavit with the Reply, another copy of the affidavit is not being included with the copy of this letter served on the parties.

Questions regarding this filing should be directed to the undersigned.

Sincerely,



Thomas K. Crowe  
Gregory E. Kunkle,  
Counsel for the Office of the  
Governor of the Commonwealth  
of the Northern Mariana Islands

No. of Copies rec'd 014  
List ABCDE

Enclosure

cc: All parties of record

## AFFIDAVIT

State of \_\_\_\_\_ :

:

ss.

County of \_\_\_\_\_ :

Robert Schwalbach, Affiant, being duly sworn according to law, deposes and says that:  
I am a Senior Policy Advisor in the Office of the Governor, Commonwealth of the Northern Mariana Islands, and am fully authorized to execute this affidavit on behalf of the Office of the Governor. I, accordingly, attest as follows:

The telecommunications network in the Commonwealth of the Northern Mariana Islands ("Commonwealth") is a sole-source, monopoly network. Competition is virtually non-existent.

To date, Micronesian Telecommunications Corporation ("MTC") is the only company authorized under the Commonwealth's telecommunications law (Commonwealth Telecommunications Act, Pub. L. No. 12-39, H.B. No. 12-006 (2001)) to provide local service. Local service between the islands of Saipan, Tinian, and Rota is provided over a fiber optic submarine cable owned exclusively by GTE Pacifica Inc. ("GTE Pacifica"). Only a limited number of wireless service alternatives exist in the Commonwealth, as GTE Pacifica is the dominant provider.

GTE Pacifica also controls access off the islands of the Commonwealth by means of its exclusive ownership of C-band transmit/receive earth stations as well as a fiber optic submarine cable connecting the Commonwealth with Guam and, in turn, the rest of the world. Only limited domestic and international off-island competition exists.

Since the Commonwealth's telecommunications network is a sole-source, monopoly network, its critical infrastructure services, including 911 public safety services and other vital private sector services, are largely dependent upon that network.

The U.S. military and federal government have a significant interest in the Commonwealth. The federal government leases approximately 18,182 acres of land in the Commonwealth, which is used for military purposes. The U.S. Navy and Marines use some of this land to conduct joint training exercises, including the use of troops, ships and aircraft, to maintain the combat readiness of "forward deployed" military units. Farallon de Medinilla is the only live-fire training location used by the U.S. military in the western Pacific. In addition, several military pre-positioning ships are routinely stationed just off the coast of Saipan, available for deployment wherever the equipment and supplies they contain are strategically needed in the region.

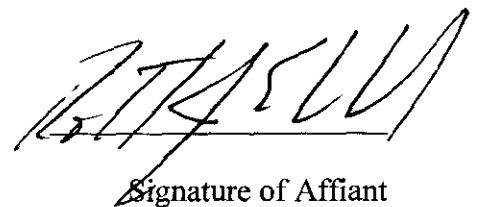
The federal government itself has a significant presence in the Commonwealth. The following U.S. government entities have Commonwealth office locations: Department of Defense, Department of Interior, Department of Justice, Department of Transportation, Department of Labor, Department of Agriculture, Social Security Administration, U.S. National Labor Relations Board, U.S. Postal Service, U.S. Probation, U.S. District Court, and International Broadcasting Bureau ("IBB"). While the U.S. military maintains its own communications capabilities, certain military functions and federal government operations in the Commonwealth appear to depend on the sole-source telecommunications network.

The IBB owns and operates 3 transmitters in Saipan and 8 in Tinian that are used by Voice of America ("VOA") and Radio Free Asia ("RFA") to rebroadcast signals within the Pacific Rim. These transmitters are independent of the monopoly telecommunications network;

however, both VOA and RFA appear to depend upon the network for communications within the Commonwealth and to the outside world.

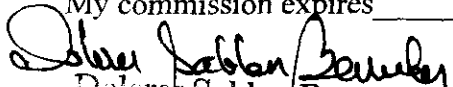
Under the current corporate structure of Verizon Communications Inc., the company has substantial operations both in the mainland U.S. and, through MTC and GTE Pacifica, in the Commonwealth, facilitating integration of rates across corporate affiliates in a manner that has introduced service offerings and pricing to the Commonwealth market which are comparable to those available in the mainland U.S. This will not be the case with Pacific Telecom Inc., which will have no mainland U.S. operations. The rates established by MTC, as the dominant off-island service provider, serve as a benchmark integration rate for the handful of small competitors that offer long distance services in the Commonwealth and, in effect, "discipline the marketplace."

The facts above set forth are true and correct to the best of my knowledge, information, and belief.

  
Signature of Affiant

Sworn and subscribed before me this 23rd day of August, 2002.

\_\_\_\_\_  
Signature of Official administering oath

My commission expires \_\_\_\_\_  
  
Dolores Sablan Bermudez  
NOTARY PUBLIC  
Commonwealth of the Northern Mariana Islands  
My Commission expires: March 26, 2003

